

# Biannual Survey of Suppliers of Business Financing Data Analysis, First Half 2014

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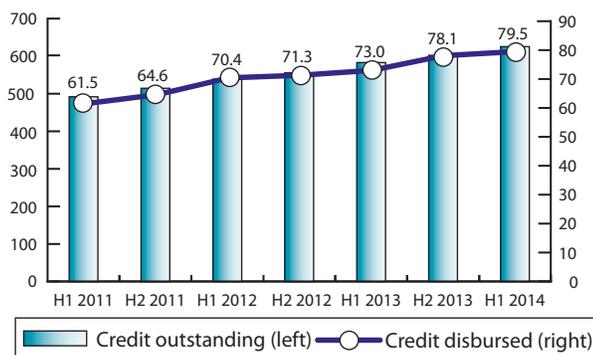
January 2015

This document presents data on business lending activities gathered from the Statistics Canada Biannual Survey of Suppliers of Business Financing.

## Overall Conditions

Survey results highlight a continued increase in business lending activity in the first half of 2014. In total, lenders disbursed approximately \$79 billion in new loans<sup>1</sup> to Canadian businesses between January and June (H1 2014), compared with approximately \$78 billion in new loans disbursed between July and December 2013 (H2 2013) (Figure 1). This translates into an increase in new loan activity of 1.8-percent and reflects three-and-a-half years of straight increases. Survey results are consistent with an overall loosening in business lending conditions as reported in the Bank of Canada's Senior Loan Officer Survey.<sup>2</sup>

**Figure 1: Value of credit outstanding (\$ billions) and disbursed (\$ billions)**



Source: Statistics Canada, *Biannual Survey of Suppliers of Business Financing*, 2014.

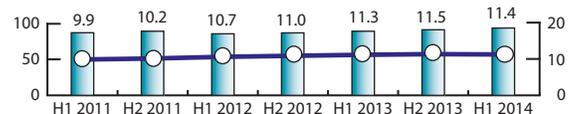
## Business Size Conditions

While Figure 1 showed that lending increased for businesses overall, the increase was concentrated entirely among large businesses (those with loan authorization levels of \$5 million or more). Specifically, lenders disbursed approximately \$54 billion in new loans to large businesses in the first half of 2014, which represented a 3.6-percent increase in disbursals compared with the second half of 2013. Lending activity actually decreased for

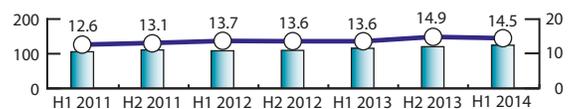
small businesses (those with loan authorization levels less than \$1 million) with loan disbursals falling by 1.0-percent and for medium-sized businesses (those with loan authorization levels between \$1 million and \$4.9 million) with loan disbursals falling by 2.2-percent (Figure 2). This is the first drop in loan disbursals to SMEs since H1 2011.

**Figure 2: Value of credit outstanding (\$ billions) and disbursed (\$ billions) by size of business**

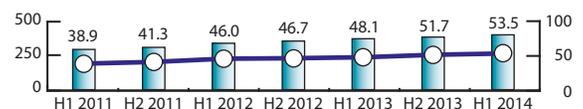
### Small businesses



### Medium-sized businesses



### Large businesses



Legend: Credit Outstanding (left) — Credit disbursed (right)

Source: Statistics Canada, *Biannual Survey of Suppliers of Business Financing*, 2014.

## Lending Activity

Domestic banks, which account for 47.1-percent of Canada's new loans market, continued to lend aggressively in the first half of 2014, increasing loan disbursals to businesses by 2.2-percent (Table 1). This followed a 7.3-percent increase in disbursals in the second half of 2013. Credit unions and Caisses populaires decreased loans by 3.1-percent year-over-year and by 7.8-percent in the first half of 2014 compared with the second half of 2013. Loan disbursals by other banks,

<sup>1</sup> New loans include term loans and mortgages that generally have a fixed repayment schedule of greater than one year.

<sup>2</sup> The *Senior Loan Officer Survey* collects information, on a quarterly basis, on the perspectives of lenders on price and non-price terms of business lending.

including foreign banks, continued to increase, with disbursements rising by 6.5-percent in H1 2014 and by 21.6-percent year-over-year. Credit disbursed from finance companies rebounded in the first half of 2014, rising 10.4-percent, compared to an 11.3-percent drop in disbursements in H2 2013.

**Table 1: Value of credit disbursed (\$ billions) by supplier type**

Supplier type	2011		2012		2013		2014
	H2	H1	H2	H1	H2	H1	H1
Domestic banks	30.0	30.6	32.0	34.1	36.6	37.5	37.5
Other banks	13.2	16.6	16.0	15.1	17.2	18.3	18.3
Credit unions, Caisses populaires	7.4	8.0	8.9	8.9	9.4	8.6	8.6
Finance companies	8.1	9.4	9.2	9.6	8.5	9.4	9.4
Insurance companies and portfolio managers	6.0	5.9	5.2	5.3	6.4	5.6	5.6
All suppliers	64.6	70.4	71.3	73.0	78.1	79.5	79.5

Source: Statistics Canada, *Biannual Survey of Suppliers of Business Financing*, 2014.

## Industry Conditions

Survey findings point to an increase in lending activity across most sectors in the first half of 2014 compared to the second half of 2013. Sectors experiencing the strongest increases were the professional, scientific and technical services and the manufacturing sectors, which saw increases in loan disbursements of 19.5-percent and 15.3-percent respectively (Figure 3). Firms in the accommodation and food services sector also experienced a notable increase in lending activity, with loan disbursements rising by 14.5-percent. Conversely, a decline in lending activity was observed in the wholesale and retail trade sector and transportation sectors. Specifically, new loans disbursed to wholesale and retail trade and transportation businesses fell by 10.5-percent and 6.2-percent respectively. Given the large proportion of SMEs that are concentrated in the retail trade sector, the decrease in lending activity within that sector could explain the drop in SME lending.

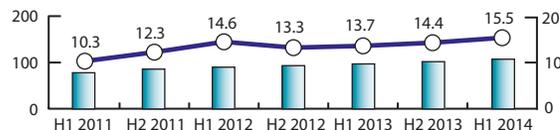
## About the Survey

The *Biannual Survey of Suppliers of Business Financing* is the result of a commitment by the Government of Canada to improve the availability of information about financing of businesses in Canada. Data are collected from 120 major suppliers of financing, including domestic banks and credit unions and Caisses populaires, representing over 90 percent of all lending to businesses in Canada.

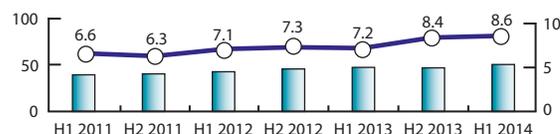
This report was prepared by Daniel Seens, CFA, an economist in the Small Business Branch. Questions can be directed to him at [daniel.seens@ic.gc.ca](mailto:daniel.seens@ic.gc.ca).

**Figure 3: Value of credit outstanding (\$ billions) and disbursed (\$ billions) by industry**

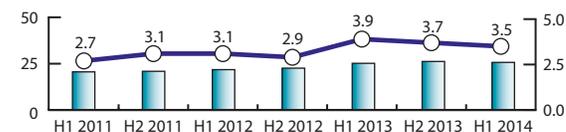
### Primary and agriculture



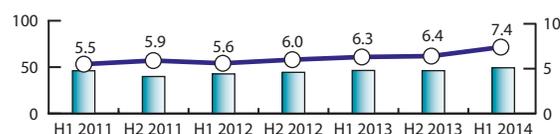
### Construction



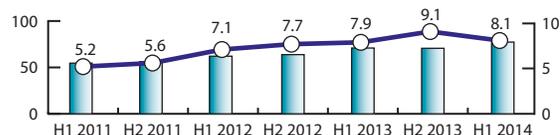
### Transportation



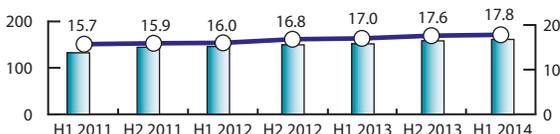
### Manufacturing



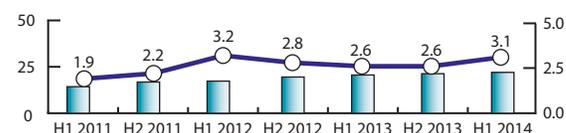
### Wholesale and retail trade



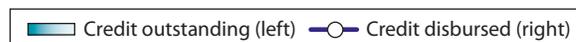
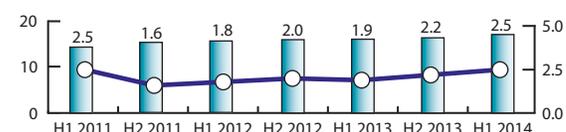
### Finance, insurance, real estate and rental



### Professional, scientific and technical services



### Accommodation and food services



Source: Statistics Canada, *Biannual Survey of Suppliers of Business Financing*, 2014.

Note: Numbers do not add up due to exclusion of the "other industries" category.